

**Eau Claire Redevelopment Authority
Minutes
Wednesday, November 16, 2016
Council Chambers, City Hall**

Members Present: Mike DeRosa, Janine Wildenberg, David Klinkhammer, Jeff Halloin, Martin Green, Thomas Kemp, Dale Peters

Staff Present: Steve Nick, Jay Winzenz, Dave Solberg, Jenessa Stromberger, Mike Schatz, Ray French, Dustin Zebro

1. Call to order. This meeting was called to order by Mr. DeRosa at 7:31 a.m.
2. Minutes from the meeting of October 12, 2016. The minutes from the meeting of October 12, 2016 were reviewed and approved on a motion made by Dr. Kemp and seconded by Ms. Wildenberg. The motion passed.
3. Financial statements. Mr. Schatz presented the financial statements for the month ending October 31, 2016. Operating expenses totaled \$1,772, with \$1,695 for utilities. Acquisition and capital expenses totaled \$109,760 for the removal of debris at 1807 Oxford Ave. He stated that the buildings on Oxford Avenue are down.

The financial statements for the month ending October 31, 2016 were reviewed and approved on a motion made by Ms. Wildenberg and seconded by Dr. Kemp. The motion passed.

4. Resolution Approving a Subordination Agreement between the City, the Eau Claire Redevelopment Authority and Northwestern Bank. Mr. Winzenz stated the City received a request for a subordinating the agreement for 314 Riverfront Terrace because a member of the partnership is selling out and bringing on a new partner. The request is to subordinate the City's position on the mortgage for the new debt. He stated the land write-down is for \$600,000 over 10 years and there is \$180,000 remaining. The Development Agreement required \$9.7 million in valuation and the current assessed value is \$11.35 million. Mr. Nick clarified that subordination is specific to the mortgage. Because the City and RDA are already subordinated, this could have been done administratively. However, this is a new loan amount and a new mortgage requiring a new approval. Mr. Halloin clarified that there has been no defaults.

There was a motion to adopt the Resolution Approving a Subordination Agreement between the City, the Eau Claire Redevelopment Authority, and Northwestern Bank by Mr. Halloin, seconded by Ms. Wildenberg. The motion passed.

5. Consideration of a request to use the Liner Site for a temporary ice rink. Mr. Solberg presented on the request. He showed the layout of the Liner Site and indicated that it currently holds water. He also stated that the North Barstow Business Improvement District will sponsor the rink. The lot is owned by the Redevelopment Authority so that is why the request is before the Board.

Mr. Green asked what is involved. Mr. Solberg said there would be minimal site work and no accessory buildings or permanent structures. Mr. DeRosa asked if businesses were comfortable with the plan. Mr. Solberg replied that responses were overwhelmingly positive. Mr. Halloin asked about potential liability. Mr. Nick said it is not more of an issue than the other rinks and that the City/RDA has recreational immunity. Dr. Kemp asked if this will displace other rinks. Mr. Solberg said it will not. Ms. Wildenberg asked about lighting. Mr. Solberg indicated there is no extra lighting planned, but that there is ambient lighting in the area and spillover from the ramp. Mr. Green asked if Parks and Recreation will be maintaining the ice. Mr. Solberg said that the financial backing from the BID pays for the park's activities. This rink will be of no higher priority than other rinks and will be added to the maintenance list.

There was motion to approve the use of the Liner Site for a temporary ice rink by Mr. Halloin, seconded by Dr. Kemp. The motion passed.

There was a motion made by Mr. Green to go into closed session, seconded by Ms. Wildenberg. The motion passed and the meeting continued into closed session.

CLOSED SESSION

The Redevelopment Authority may convene in closed session to discuss the terms and conditions of a Lease Agreement with Draft Beer, LLC for property at 1807 Oxford Avenue which is permitted in closed session pursuant to Wisconsin Statutes 19.85(1)(e).

There was a motion made by Dr. Kemp and seconded by Ms. Wildenberg to go back into open session. The motion passed and the meeting continued back in open session.

OPEN SESSION

6. Possible action regarding a pre-closing lease with Draft Beer, LLC at 1807 Oxford Avenue. Attorney Butler for Draft Beer, LLC presented their position to the Board. She indicated that there was a lengthy process of negotiation of the development agreement and lease. In her opinion the lease does not conflict with the development agreement, particularly with the provision that Draft Beer can obtain an environmental study later. They are frustrated because they thought they had a deal.

Mr. Halloin discussed the contingency provision in the development agreement. It allowed either party to walk away if hazardous materials were found at the site following an investigation and Phase II environmental study. The lease was decided on later at their request. Atty. Butler discussed the federal permit process and the decision with Mr. Nick to have a pre-closing lease to accommodate that process. Mr. Halloin brought up paragraph 20 of the lease that provides an opportunity to make an inspection and that if anything is found, it is to be removed by the landlord. There was an inspection on October 21 by the City's usual abatement professionals and the City has not received the results yet.

Mr. Nick stated this section conflicts with the Development Agreement, which says costs will be borne by the developer. He added there was first a visual walkthrough and then a second. He expects the results of the samples around the end of November. Mr. Halloin asked if the lease provision was standard. Atty. Butler stated that this provision in the lease is different from their standard lease provision and was negotiated. Mr. Halloin asked why they did not change paragraph 2. Atty. Butler stated that provides another option and added the property is subject to possible dumping necessitating the walkthrough.

Mr. DeRosa added that asbestos would not have been dumped by the public and that the lease agreement was only given to allow Mr. Glass to gain the necessary federal permit in order to close on the property. Atty. Butler expressed that this process does not inspire confidence. Mr. DeRosa said they have adjusted the property size along the way to accommodate Mr. Glass and that the RDA wants to continue to work with people. He added that the lease cannot conflict with the Development Agreement and that the RDA is easy to work with. Mr. Halloin referenced that the lease and Development Agreement call for different processes. Atty. Butler stated that there was no bad faith and any characterization that they slid in the provision to the lease is offensive. She added that the tests should be done so the costs will be known and they can resolve this.

Mr. Glass added that nothing was done in bad faith and that the way this has been negotiated is the way it should be interpreted. He added that this has not been an easy or comfortable process, but that the provisions were negotiated in good faith. Further, he stated that the lease and development agreement were recommended by staff and that the Board had the opportunity to review. Mr. Halloin clarified that no one is suggesting bad faith, but there are different processes in the documents. Mr. DeRosa added that when the RDA has an interested developer, they bend over backwards to get it done. He said the lease and development agreement should be coordinated and directed Mr. Nick to do so.

Mr. Glass stated that the process is broken and other developers would agree. This process of months and months to negotiate does not work. Mr. DeRosa said he is sensitive to the frustration level and recognizes the responsibility of the Board. Mr. Glass added that he feels strongly about the City and has a lot of pride, but that this process is offensive.

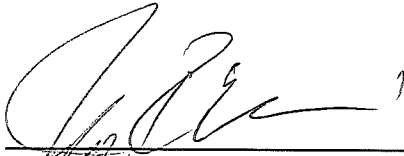
Mr. Nick added that the language of the environmental provision in the Development Agree is standard practice. The lease shifts the responsibility to the landlord and that needs to be addressed. The Development Agreement still needs to be cleaned up and there needs to be clarification that the development agreement controls where there is conflict with the lease. Mr. Klinkhammer said it is regrettable that we are at this point. The lease was supposed to facilitate getting this process done.

There was a motion by Mr. Klinkhammer directing staff to work with Draft Beer, LLC to bring the two documents into accord and read the same, and that if there is an issue going forward on any other point that the terms of the Development Agreement take precedence over the lease. The motion was seconded by Ms. Wildenberg and passed.

7. Executive Director's Report. Mr. Schatz reported that Ayres Associates asked to present the 3D model for the Cannery District in December. They will present it then. He also reported that staff is continuing to work with Mr. Schaefer on his proposal for Block 7 and explore additional financing strategies.
8. Announcements, directions and correspondence. Dr. Kemp announced the December 8 event for the Economic Department at UW-Eau Claire. It includes a roundtable discussion on the University's role in economic development in the community. It will feature local economics alumni. The event is in the Dakota Ballroom of the Davies Center on the evening of December 8.

Mr. Schatz advised the next RDA meeting will be December 21.

The meeting was adjourned at 8:54am.



Jeffrey Halloin, Secretary